TRADE REGULATIONS

UNFAIR COMPETITION—USE OF A TRADE NAME BY A NON-COMPETITOR

Defendant manufacturer sold a cereal food called "Life of Wheat." Plaintiff, publisher of the magazine "Life," sought injunctive relief on the grounds of trade-mark infringement and unfair competition. *Held,* that the defendant's use of the label with format and color combination similar to plaintiff's trade-mark was not an infringement because the two products were not in the same class; and that the public would not infer that the magazine was the sponsor of the cereal. *Time, Inc.,* v. *Viobin Corp.,* 40 F. Supp. 249 (E. D. Ill. 1941).

Defendant Horlick used his own name in the manufacture of dog food. Plaintiff corporation, manufacturer of malted milk products under the same trade-name, sought injunctive relief. On defendant's motion to dismiss, *held,* denied on the theory that the products were colorably the same and the public would confuse them. *Horlick's Malted Milk Corp.* v. *Horlick et al.,* 40 F. Supp. 501 (E. D. Wis. 1941).

Simulation of trade-marks and trade-names in an effort to advance the sales of non-competitive products or services has reached extensive proportions. The experience of the magazine "Esquire" is revealing. Use of this popularized name has run the gamut from men's suits, razors, belts, and shoe laces to night clubs, foods, barber shops, ice cream, and brassieres. Aside from extensive court litigation, the publishing company has in more than four hundred individual instances conducted negotiations resulting in the dropping of the name.[1] Those affected by such commercial tactics advance arguments that go to the following points: injury to reputation because of the association of their goods with the inferior goods of the "infringers," the customers buying the latters' goods transferring their dislike to the plaintiffs' products wherever dissatisfied;[2] loss of potential customers prejudiced against the infringers' products where plaintiffs enter upon business in those other fields,[3] destruction of the customer association of plaintiffs' goods with plaintiffs

[1] Printer's Ink, June 20, 1941.

[2] Horlick's Malted Milk Corp. v. Horlick *et al.,* 40 F. Supp. 501 (E. D. Wis. 1941), cited *supra* in text.

[3] Beechnut Packing Co. v. P. Lorillard Co. 273 U. S. 629 (1927)

because of the tendency to gradually whittle away or disperse the identity of the product and its hold on the public mind;[4] lessening of ability to compete because of the diminution in the drawing power of their marks.[5]

In carrying their case to the courts, however, those claiming the right to relief from this newer form of commercial practice have been put to it to justify their appeal for judicial aid. The original equitable doctrine of unfair competition arose from the taking of a man's property, in the form of sales, by appropriating his name and inducing the public by deceit to purchase defendant's goods in the belief that they were the plaintiffs'. The essence of the wrong, then, lying in the deceitful palming off of one's goods as the merchandise of another, a showing of actual competition became a rigid requirement for injunctive relief because passing off could take place only in a competitive matrix. This limited application of the doctrine was expressed in the *Borden* case where the court indicated that the defendant could make anything that the plaintiff had not made.[6] Faced with this dilemma the courts developed the "related goods" doctrine as a ground for allowing injunctive relief in the non-competitive cases; if the defendant's product was closely related to the plaintiff's there would be infringement or unfair competition because the public would be confused as to the source. Many ridiculous results made their way into the books as a consequence of judicial attempts to stretch the nature of a defendant's goods to a point where they "related" to the plaintiff's product.[7] Other courts came to abandon the effort at relating products, extending the doctrine of equitable protection to non-competitive as fully as to competitive situations.

The upshot of this judicial evolution is that today finds a distinct trend toward the allowance of relief from this newer type of trade-name piracy.[8] The *Horlick* case carries this trend to its final impli-

[4] Esquire Inc. v. Esquire Bar, 37 F. Supp. 875 (App. D. C. 1941).

[5] *ibid.*

[6] Borden Ice Cream Co. v. Borden's Condensed Milk Co., 201 Fed. 510 (C. C. A. 7th, 1912).

[7] Oates, *Relief in Equity Against Unfair Trade Practices of Non-competitors,* (1931) 25 ILL. L. REV. 643; Eastman Kodak Co. v. Kodak Cycle Co., 15 Rep. Pat. Cas. 110; Wall v. Rolls-Royce Automobile Co., 4 F. (2d) 333 (C. C. A. 3rd 1925).

[8] For a complete history of the development of non-competing infringement rules see Oates, *supra* note 7; Lukens, *Applications of Principles of Unfair Competition* (1927) 75 U. OF PA. L. REV. 197; HANDLER, CASES AND MATERIALS ON TRADE REGULATIONS, (1937) 698-701; Notes (1940) 17 N. Y. U. L. Q. REV. 304; (1939) 7 GEO. WASH. L. REV. 868; Time, Inc., v. Barshay, 27 F. Supp. 870 (S. D. N .Y. 1939).

cations by disqualifying the noncompetitive use of a personal name.[9] Clearly against the main flow of decision, *Time, Inc.*, v. *Viobin Corp.* insists upon more tangible evidence of injury to plaintiff's interests. Such a judicial attitude is to be commended; courts have been too quick to accept contentions based not upon analytical fact but upon subjective opinion. It must be remembered that as between the parties there is no commodity competition. When there is no competition, confusion is more the exception than the rule because parties making different products will clearly be distinguished in the consumer's mind.[10] Disproof of confusion collapses the argument that simulation causes an "affective transfer" of dislike; a customer cannot transfer a dislike to a product that he does not associate with the offending product. At the very least, therefore, the plaintiffs in these cases should bear a definite burden of proof to verify their claims to injury, save in those instances where the products of the litigants compete in a "substituted" sense.[11] Even more forthright would be a judicial determination either to bring such cases within the periphery of the law by expanding Equity's old rule forbidding trespass to reputation, for it is the unfairness of trading on an established name that brings the cry for law's intervention, or to leave legal redress to other interests. Only recently the Federal Trade Commission has successfully acted against this very type of business practice, in the name of both the public and those who actually suffer unfair disadvantage in commodity competition with the offending pirateer.[12] Enforcement of the concept of fair competition in the use of trade names in unrelated lines might better be made through the Commission and those adversely affected in a direct, competitive sense.

J. T. V.